REMARKS/ARGUMENTS

The Office Action of April 17, 2006 has been reviewed and in view of the following remarks, reconsideration and allowance of all of the claims pending in the application are respectfully requested. Despite disagreement with the Office Action, Applicants have amended the claims to further clarify embodiments of the present invention. Independent claims 19 and 29 have been amended. Claims 21 and 31 have been canceled. Claims 19, 22-29 and 32-38 remain pending. No new matter has been added.

Claims Rejections under 35 U.S.C. § 102(b)

Claims 19, 22-29 and 32-38 are currently rejected under 35 U.S.C. § 102(b) as being allegedly anticipated by U.S. Patent No. 5,822,410 to McCausland *et al* ("McCausland"). The Office Action alleges that McCausland teaches the claimed inventions. For at least the reasons detailed below, Applicants respectfully disagree.

McCausland purports to be directed to establishing rules for predicating the likelihood of churn where churn is defined as the deactivation of an active customer account. *See* Abstract, col. 1, lines 9-11. The invention of McCausland appears to be directed to the cellular telecommunication industry. *See* col. 3, lines 39-49. As illustrated in Figure 4, a churn history process 68 is performed on a slow regular schedule, such as once a month during off-peak hours, to revise the rules used to predict the likelihood of churn for customers served by the organization. *See* column 5, lines 54-60. The process 68 models quantized historical churn factors chosen from the customer/unit data to identify churn rates for each combination of historical churn factor quantum. *See* column 5, lines 61-64. In other words, McCausland purports to predict the likelihood of churn for customers in the cell phone industry.

In contrast, independent claim 19 recites the steps of "*identifying the request as a request type* ***from a list of predetermined request types***, at a type module, where the request type identifies the customer's current situation;" "identifying the customer as a customer segment, at a customer segment module, where the customer segment identifies the customer's past behavior;" "identifying one or more incentives, at an incentive module, *based on the request type, the customer segment and one or more profitability factors associated with the provider of the one or more incentives*;" and "offering the customer at least one of the identified one or more incentives for retaining the customer in response to the request, wherein the request is a request to terminate a relationship with the provider;" "***wherein the steps of identifying the request as a request type, identifying the customer as a customer segment and identifying one or more incentives are performed in response to the step of receiving a request from a customer***;" and "***wherein the one or more incentives comprises at least one product or service offered by a financial institution***." Independent claim 29 recites similar limitations.

For the limitation directed to "*identifying the request as a request type* ***from a list of predetermined request types***, at a type module, where the request type identifies the customer's current situation," the Office Action relies on column 4, lines 17-22, column 8, lines 49-lines 54, table 2 and Figure 11. *See* page 3, Office Action mailed April 17, 2006. The Office Action's reliance of McCausland fails to properly identify at least this claim limitation. Column 4, lines 17-22 of McCausland purports to disclose call detail records which refer to whether or not calls have been dropped, call durations, feature usage, called parties, *etc*. This disclosure is not related to identifying the request as a request type. Column 8, lines 49-54 of McCausland purports to disclose defining potential customer problem factors and parameters where the parameters are stored in a database 42. According to McCausland, data item categories from database 42 are

likely to indicate a problem the customer may be having. This information is used to predict a *potential* customer problem. Table 2 is described by McCausland as illustrating *potential* customer problem factors which a cellular telecommunications provide may find applicable. *See* column 8, lines 62-64. Figure 11 fails to illustrate any ability to identify the request as a request type ***from a list of predetermined request types***. In fact, there is no possible data field for this feature. Therefore, the excerpts of McCausland relied upon by the Office Action all fail to properly address the ability to identify the request as a request type. For at least these reasons, the rejection should be withdrawn.

In addition, McCausland fails to disclose at least the step of "identifying one or more incentives, at an incentive module, *based on the request type, the customer segment and one or more profitability factors associated with the provider of the one or more incentives*." The incentives of McCausland are not based on a combination of the request type, the customer segment and one or more profitability factors. In fact, there is no disclosure in McCausland that supports the Office Action's conclusions. Rather, McCausland clearly states that task 194 derives "an offer value using the customer worth for this customer/unit." *See* column 13, lines 57-58. There is no mention of basing an incentive on the combination of the request type, the customer segment and one or more profitability factors. The Office Action has not properly addressed at least this claim limitation.

The disclosure of McCausland is directed to determining churn likelihood. In other words, McCausland is directed to a predictive tool that performs calculations to determine the likelihood of future events that may or may not actual occur. In contrast, the claimed invention identifies a request type, identifies a customer segment and identifies incentives *in response to a request from a customer*. Therefore, for at least these reasons, McCausland fails to disclose

"wherein the steps of identifying the request as a request type, identifying the customer as a customer segment and identifying one or more incentives are performed in response to the step of receiving a request from a customer."

As recognized by the Office Action, McCausland fails to disclose at least "***wherein the one or more incentives comprises at least one product or service offered by a financial institution***." *See* page 7, Office Action mailed April 17, 2006. The limitation recited in claims 21 and 31 are now recited in independent claims 19 and 19, respectively.

Under 35 U.S.C. § 102, the Patent Office bears the burden of presenting at least a prima facie case of anticipation. Anticipation requires that a prior art reference disclose, either expressly or under the principles of inherency, each and every element of the claimed invention. In addition, the prior art reference must sufficiently describe the claimed invention so as to have placed the public in possession of it. In this case, as discussed in detail above, the Office Action has failed to show that McCausland discloses each and every claim limitation recited by Applicants. Therefore, the Office Action has failed to meet its burden. The rejection of claims 19, 22-29 and 32-38 under 35 U.S.C. § 102(b) should be withdrawn and the claims allowed accordingly.

Claims Rejections under 35 U.S.C. § 103(a)

Claims 21 and 31 are currently rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over McCausland in view of "Forging a Link Between Retention and Profits" by Steve Gasner ("Gasner"). This rejection is flawed for at least the following reasons.

As detailed above, McCausland fails to disclose the claimed invention. Moreover, as recognized by the Office Action, McCausland admittedly fails to disclose at least "***wherein the***

***one or more incentives comprises at least one product or service offered by a financial institution.*" *See* page 7, Office Action mailed April 17, 2006. The limitation recited in claims 21 and 31 are now recited in independent claims 19 and 19, respectively.

For this deficiency, the Office Action relies upon the disclosure of Gasner. The Office Action alleges that Gasner teaches a customer retention method where one or more incentives comprise a product offered by a financial institution. Gasner appears to be generally discuss retaining existing customers for bank card issuers. *See* Abstract, Garner.

The Office Action has failed to provide proper motivation for combining McCausland and Gasner. Rather, the Office Action alleges that it would have been obvious to a person of ordinary skill in the art at the time of applicant's invention to modify McCausland "to include providing products offered by a financial institution as retention incentives *if* McCausland's method was implemented to solve the retention problem for a financial services company *instead* of a cellular company, since at the time, financial services incentives would be more valuable retention tools to those customers rather than cellular services related incentives. *See* page 7, Office Action mailed April 17, 2006 (emphasis added). Therefore, the alleged "motivation" relied upon by the Office Action is based on "*if* McCausland's method was implemented to solve the retention problem for a financial services company *instead* of a cellular company." However, the Office Action has failed to explain why one of ordinary skill in the art would have been motivated to make the proposed substitution, absent improper hindsight.

Further, the system of Gasner is completely unrelated to the system of McCausland, which purports to establish rules for predicating the likelihood of churn in the cellular telecommunication industry, where churn is defined as the deactivation of an active customer account. *See* McCausland Abstract, col. 1, lines 9-11, col. 3, lines 39-49. In contrast, Gasner

generally discusses retention efforts and statistical modeling for bank card issuers. *See* page 3 of Gasner. There is no teaching is Gasner that indicates how retention efforts of Gasner could even be applied to the method and system of McCausland that establishes rules for predicating the likelihood of churn in the cellular telecommunication industry.

The rejections of the independent claims over McCausland and Gasner are classic examples of hindsight reconstruction that is contrary to the law. The Office Action has failed to set forth a *prima facie* case of obviousness for the claims. Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (Fed. Cir. 2000). In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

In the present case, the Office Action's sole justification for modifying McCausland has absolutely nothing to do with the deficiencies of McCausland. As admitted by the Office Action, McCausland fails to show at least "***wherein the one or more incentives comprises at least one product or service offered by a financial institution***." The Office Action's justification for modifying McCausland is based on "*if* McCausland's method was implemented to solve the retention problem for a financial services company *instead* of a cellular company." This alleged statement of motivation has absolutely nothing to do with the deficiencies of McCausland. To properly modify McCausland to correct for these major deficiencies, the Office has the burden to show some motivation why providing those elements would have overcome some perceived

problem with McCausland. Any such motivation is completely lacking. The Office Action has failed to rely upon any valid teaching in Gasner to justify the major modification to McCausland. Accordingly, the Office has failed to provide any proper motivation for modifying McCausland, so the proposed modification fails.

The Office Action has failed to set forth a *prima facie* case of obviousness. Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (Fed. Cir. 2000). In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

Accordingly, the Office Action has failed to provide any proper motivation for modifying McCausland as taught by Gasner, so the proposed modification fails. In fact, McCausland and Gasner are improperly combined and lack proper motivation. Even if McCausland and Gasner could be modified as suggested by the Office Action, the resulting combination would nevertheless fail to show each and every limitation claimed by Applicants. More specifically, any combination of McCausland and Gasner could still fail to disclose "***wherein the one or more incentives comprises at least one product or service offered by a financial institution***."

The mere fact that McCausland and Gasner can be somehow combined and modified does not render the resultant modification obvious unless there is a suggestion or motivation found somewhere in the prior art regarding the desirability of the combination or modification. *See* M.P.E.P § 2143.01*; see also In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re*

Fritz, 23 U.S.P.Q.2d 1780 (Fed. Cir. 1992). In addition, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicants' disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991).

Therefore, the Office Action has failed to meet its burden. The rejection of independent claims 19 and 29 under 35 U.S.C. § 103(a) should be withdrawn and the claims allowed accordingly. Claims 22-28, and 32-38 all depend ultimately from one of independent claims 19 and 29, respectively. As such, each of these dependent claims contain each of the features recited in the independent claims. For the reasons stated above, McCausland in combination with Gasner fails to disclose the claimed inventions and the rejections should be withdrawn. Additionally, these claims are separately patentable over McCausland in combination with Gasner.

The initial burden is on the Examiner to provide some suggestion of the desirability of doing what the inventors have done. The Examiner has clearly failed to reach the initial burden. For a proper rejection under 35 U.S.C. § 103, there must be some motivation to modify the primary reference as suggested by the Office Action. Any such motivation is completely lacking.

CONCLUSION

In view of the foregoing amendments and arguments, it is respectfully submitted that this application is now in condition for allowance. If the Examiner believes that prosecution and allowance of the application will be expedited through an interview, whether personal or telephonic, the Examiner is invited to telephone the undersigned with any suggestions leading to the favorable disposition of the application.

It is believed that no fees are due for filing this Response. However, the Director is hereby authorized to treat any current or future reply, requiring a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. Applicants also authorize the Director to charge all required fees, fees under 37 C.F.R. §1.17, or all required extension of time fees, to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

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